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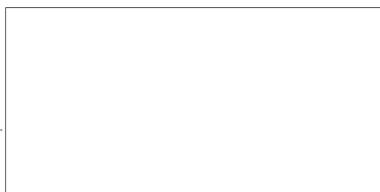
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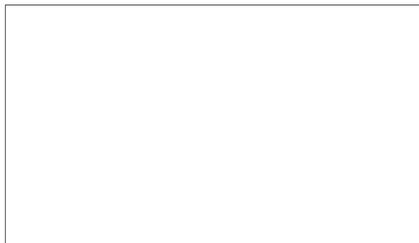
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~~TOP SECRET~~**GENERAL****1. Vyshinsky hints USSR may force Chinese issue at UN:**

The Israeli UN representative reports that Soviet delegate Vyshinsky, in discussing the Security Council resolution on Suez Canal traffic, which he later vetoed, argued that resolutions approved with the "KMT representative" in the council were illegal. Vyshinsky did not object to the resolution itself.

Comment: Vyshinsky publicly opposed this resolution as an attempt to impose a decision unacceptable to Egypt. While his private remarks concerning the resolution -- which Israel favored -- could have been made to placate the Israelis, they may foreshadow a Soviet plan to veto Security Council action on all issues so long as Nationalist China is a council member. It is not likely, however, that the USSR would again tie its hands by a walkout on the Chinese issue as it did in 1950, permitting UN action on Korea.

Since the Korean armistice, UN circles have seemed more favorable to the eventual participation of Communist China. Substantive discussion of the issue at the next General Assembly session in September may be difficult to avoid.

**SOVIET UNION****2. Large-scale air exercise progressing in Soviet Far East:**

  
a large-scale air exercise involving extensive redeployment and inter-airfield flights has been in progress in the Maritime Military District since about 18 March.

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The only other comparable air exercise noted in the Soviet Far East occurred in October 1953. The two exercises are similar in that fighter units were temporarily redeployed in regional strength, usually to known bomber bases, and were noted operating from their temporary locations immediately following the moves.

This year larger numbers of aircraft and units are involved, more naval air units are participating, and for the first time there have been movements of jet light bombers from one field to another.

Comment: The stress on high unit mobility in this exercise may reflect continued Soviet emphasis on the role of air units in tactical support of ground forces. Frequent change-of-base exercises have been noted each year in the 24th Air Army in East Germany.

#### FAR EAST

### 3. Chinese Communist jet aircraft may be based at Liuchou:

[redacted] on 23 March during an advanced training exercise by the Chinese Communist 26th Air Division, which is based at Liuchou in Kwangsi Province (see map, p. 5), referred to a landing approach speed of 178 knots. This suggests for the first time that jet planes may be operating from that base. The reporting unit adds that the 26th Air Division was previously known to have only a small number of conventional LA-11 and possibly LA-7 fighters.

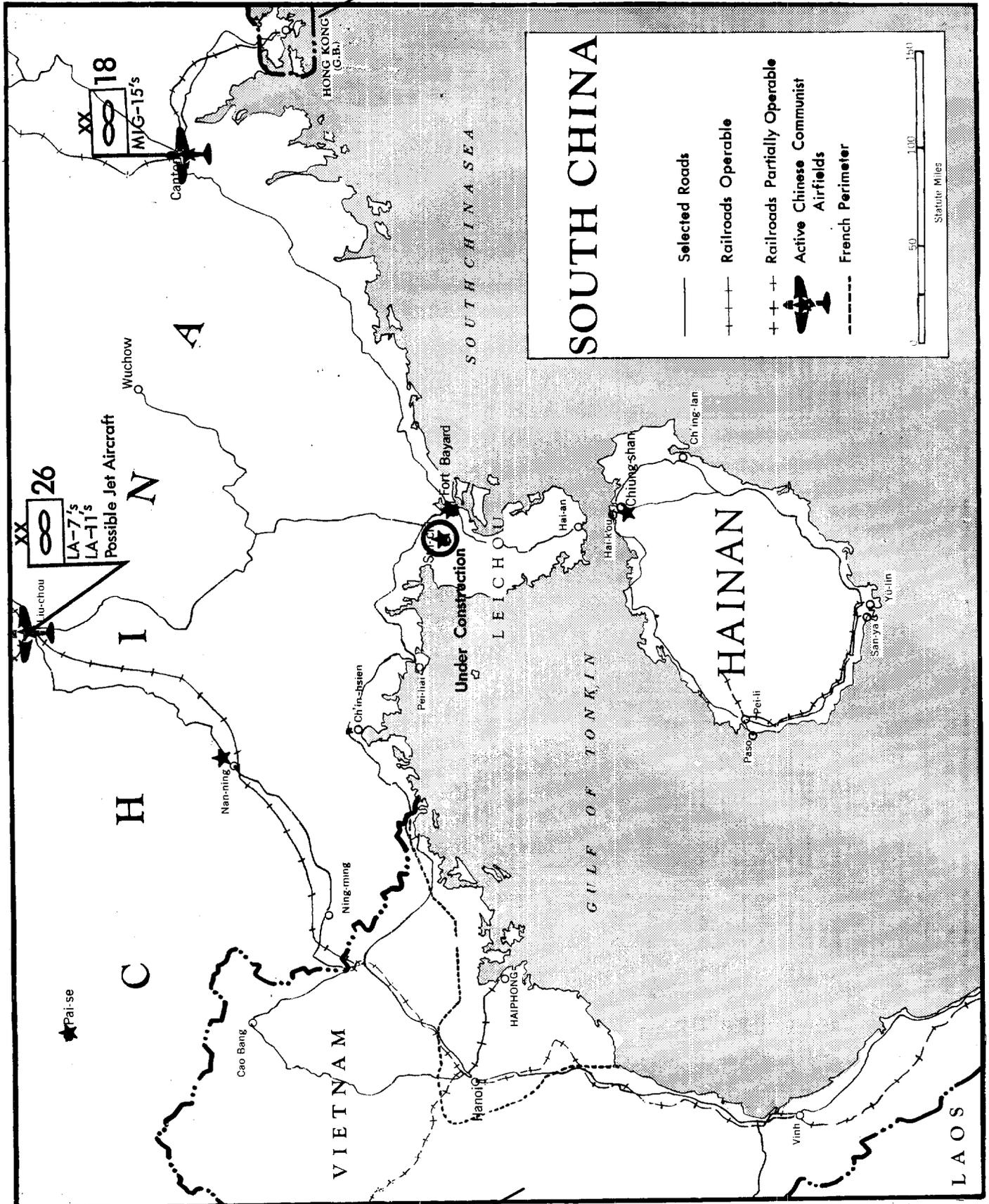
Comment: The exercises were conducted on both 22 and 23 March and are the first advanced training noted to date in the area. Previous activity was apparently limited to basic training.

Meanwhile, it is estimated on the basis of photo reconnaissance that the Suichi airfield on Leichou Peninsula in South China can be completed by 15 May. This is the largest airfield in China, with a runway 10,000 feet long.

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## NEAR EAST - AFRICA

4. Oil consortium negotiators expected in Tehran soon:

[REDACTED] A negotiating team representing the oil consortium is expected to arrive in Tehran shortly after 3 April to begin negotiations for settlement of the Anglo-Iranian oil dispute, according to the American embassy in London.

The mission will be composed of five principals: two from the Anglo-Iranian Oil Company, two from Royal Dutch Shell, and one from the Standard Oil Company of New Jersey, representing the American companies. These principals will be accompanied by nine assistants. The Compagnie Francaise des Petroles will send an observer.

Comment: Iranian officials probably will be prepared to begin talks as soon as the mission arrives. The negotiations, however, will be prolonged.

Prime Minister Zahedi's political position will be strengthened, at least initially, by this indication that he is having some success in his efforts to solve the oil problem.

5. Comment on RCC's use of organized labor in Egyptian political crisis:

[REDACTED] The use of organized labor for political purposes during the Revolutionary Command Council's current contest with General Nagib introduces a new and potentially important force into Egyptian politics.

The council's effective manipulation of the 28-29 March general strike suggests that it intends to depend increasingly on organized labor for its popular support. The regime is said to envisage the creation of labor and

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professional syndicates to be represented in the proposed advisory council. The announcement on 29 March of the immediate establishment of a national advisory council, with organizational representation, may be the first move toward developing a working alliance between the council and organized labor.

Egyptian unions are relatively weak and lack experienced leadership. Organized labor offers the military regime, however, a fertile area for political exploitation, and if effectively directed, would provide an important element of support.

LATIN AMERICA

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## LATE ITEM

7. Comment on Soviet security proposals:

[redacted] In a note to the three Western powers on 31 March the Soviet Union said it now sees no objection to American participation in the Soviet-sponsored system of European security and that it is prepared to consider "the question of the participation of the USSR in the North Atlantic Treaty Organization." The note says these proposals are an effort to resolve differences revealed at the Berlin conference.

It is unlikely that Moscow considers its proposals will be accepted. The Kremlin may hope, however, to gain more serious consideration for its security proposals made at Berlin by officially repairing Molotov's blunder of excluding the United States from the European scene. The note also appears part of a recently intensified campaign to create the impression that the Soviet Union is fostering security while the United States is building up its military strength. Underscoring Soviet "reasonableness" by a substantive proposal at this time is presumably another device to weaken Western unity prior to crucial negotiations at Geneva.

The obscure offer to "examine the question of participation" in NATO leaves the Kremlin free to introduce demands for crippling changes in NATO policy and organization as conditions for its membership. The Kremlin probably believes that any Western refusal to consider Soviet membership would bolster its claims, reiterated in this note, that NATO is directed against the Soviet bloc.

The note again dangles before the French the prospect of a divided and neutralized Germany. The Kremlin does this by declaring that Soviet membership in a revised NATO would exclude "the possibility of the involvement of one or another part of Germany in a military grouping."

Moscow implies in the note that it considers both a revised NATO with the USSR as member and Molotov's proposed European security organization necessary to an effective system of collective security. [redacted]

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